

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

September 27, 2012

PUBLIC SESSION

A monthly meeting of the Board of Directors (the "Board") of the Small Business Loan Fund Corporation (the "Corporation") was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on Thursday, September 27, 2012, scheduled for 9:30 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by the By-Laws of the Corporation and by Rhode Island General Law 42-46-6.

The following Directors were present and participated throughout the meeting: Mr. Raymond Fogarty, Mr. Richard DeMerchant, Mr. William Parsons, Ms. Yahaira Placencia and Mr. Jose Monteiro.

The following Director(s) were absent: None

Also present were: Sean Esten, Corporation Administrator, Adam Quinlan, Corporation Administrator, Daniel Price, Corporation Administrator, Stacy Farrell, Corporation Secretary, Christopher Cannata, Corporation Staff, Denise Barge, Corporation Staff and Tom Moses, Esq., Legal Counsel, Moses & Afonso, Ltd.

Mr. Fogarty presided over the meeting.

1. Call to Order.

Mr. Fogarty called the meeting to order at 9:30 a.m.

2. Approval of the Minutes of the Meeting held on July 26, 2012

The first item to come before the Board was approval of the Minutes of the Board meeting held on July 26, 2012. Upon motion duly made by Mr. Parsons and seconded by Mr. DeMerchant, the motion to approve the Public Session Minutes and the Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. DeMerchant Mr. Monteiro, Mr. Parsons and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: None

3. Maintain the Executive Minutes of the July 26, 2012 meeting as Confidential

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on July 26, 2012. Upon motion duly made by Mr. Parsons and seconded by Mr. DeMerchant, the motion to maintain the confidentiality of the Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. DeMerchant Mr. Monteiro, Mr. Parsons and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: None

4. Report of Cash Position as of August 31, 2012.

Mr. Queenan asked if there were any questions or comments regarding the Cash Report for the period ended September 30, 2012 (Exhibit A). Mr. Esten explained that a report to the US Economic Development Agency ("EDA") regarding the funds administered through SBLFC was due by the end of October 2012 for the period of April through September 2012. He indicated that the fund was most likely to be non-compliant in that there was too much excess cash available to lend and not committed to projects. He approximated the excess at \$500,000. The Board asked what the implications of this would be and Mr. Esten noted that in the past EDA would allow non-compliance for a maximum of two consecutive reporting periods, then they may possibly sequester excess funds. Staff felt the lack of applicants to the program was due to negative publicity surrounding the agency as well as a lack of a marketing strategy. There being no further questions, there was no further discussion on this report.

5. Delinquency Loan Report as of September 18, 2012

Mr. Esten asked if there were any questions regarding the Loan Delinquency report dated September 18, 2012 which includes the notes outlining the discussions of the subcommittee (Exhibit B). There was no further discussion regarding this report.

6. Status discussion of Directors and Officers (D&O) Insurance

Mr. Queenan provided copies of the Directors & Officers Insurance policy to all Board members (Exhibit C). He noted that in the past SBLFC had a policy in conjunction with the Rhode Island Economic Development Corporation ("RIEDC") Board, the Rhode Island Industrial Recreational Building Authority ("IRBA") and the Quonset Development Corporation ("QDC"). It was anticipated that going forward the SBLFC Board would have its own independent policy with \$5,000,000 in coverage. This policy would need to be reviewed and renewed on an annual basis.

7. Other Business

There was no further business to come before the Board.

Executive Session

Mr. Fogarty suggested that the Board move into executive session. Upon motion duly made by Mr. Parsons and seconded by Ms. Placencia, the motion to move the meeting into executive session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of Rhode Island, as amended, was duly adopted.

The following Directors voted in favor of the foregoing: Mr. DeMerchant Mr. Monteiro, Mr. Parsons and Ms. Placencia.

The following Directors voted against the foregoing: None
The following Directors were absent for the vote: None

Public session concluded and executive session began at 10:28 a.m.

8. Executive Session Vote Ratification

Mr. Fogarty called for ratification of the votes adopted during Executive Session. Upon motion duly made by Mr. Parsons and seconded by Mr. DeMerchant, the following votes were ratified:

- (a) To table the request of Colonial Mills for a modification of deferred interest terms on current financing subject to additional information as outlined in executive session.
- (b) To confirm the loan denials of the following companies:
 - Schoolyard, Inc.- \$250,000

The following Directors voted in favor of the foregoing: Mr. DeMerchant Mr. Monteiro, Mr. Parsons and Ms. Placencia.

The following Directors voted against the foregoing: None
The following Directors were absent for the vote: None

9. Adjournment

There being no further business to come before the Board, Mr. Fogarty called for a vote to adjourn the meeting. Upon motion duly made by Ms. Placencia and seconded by Mr. Parsons, the motion to adjourn the meeting was duly adopted.

The following Directors voted in favor of the foregoing: Mr. DeMerchant Mr. Monteiro, Mr. Parsons and Ms. Placencia.

The following Directors voted against the foregoing: None
The following Directors were absent for the vote: None

The meeting was adjourned at 10:45 a.m.

Respectfully submitted,

/s/ Stacy Farrell
Stacy Farrell, Secretary